

# New Markets, New Opportunities.

Your Guide to  
**the New Plan 3 Investment Options**

available September 24, 2011





## With the new lineup, you'll benefit from

- New global investment opportunities, including emerging markets;\*
- Low fund management fees negotiated on your behalf by the Washington State Investment Board (WSIB);
- A core menu of quality investment options only available through a large institutional investor like the WSIB; and
- The ability to easily diversify your portfolio. Diversification is one of the keys in determining the amount of money you'll have at retirement.

*\*Emerging markets are typically in developing economies – such as China, Brazil or India.*

Introducing your new Plan 3 Self-Directed fund lineup.

## Fresh, simple, poised for growth

### **On September 24, 2011 — your Plan 3 investment options will change.**

The Washington State Investment Board (WSIB), working closely with the Department of Retirement Systems (DRS), has developed a core menu of options that includes proven familiar performers as well as new options that reflect changing markets.

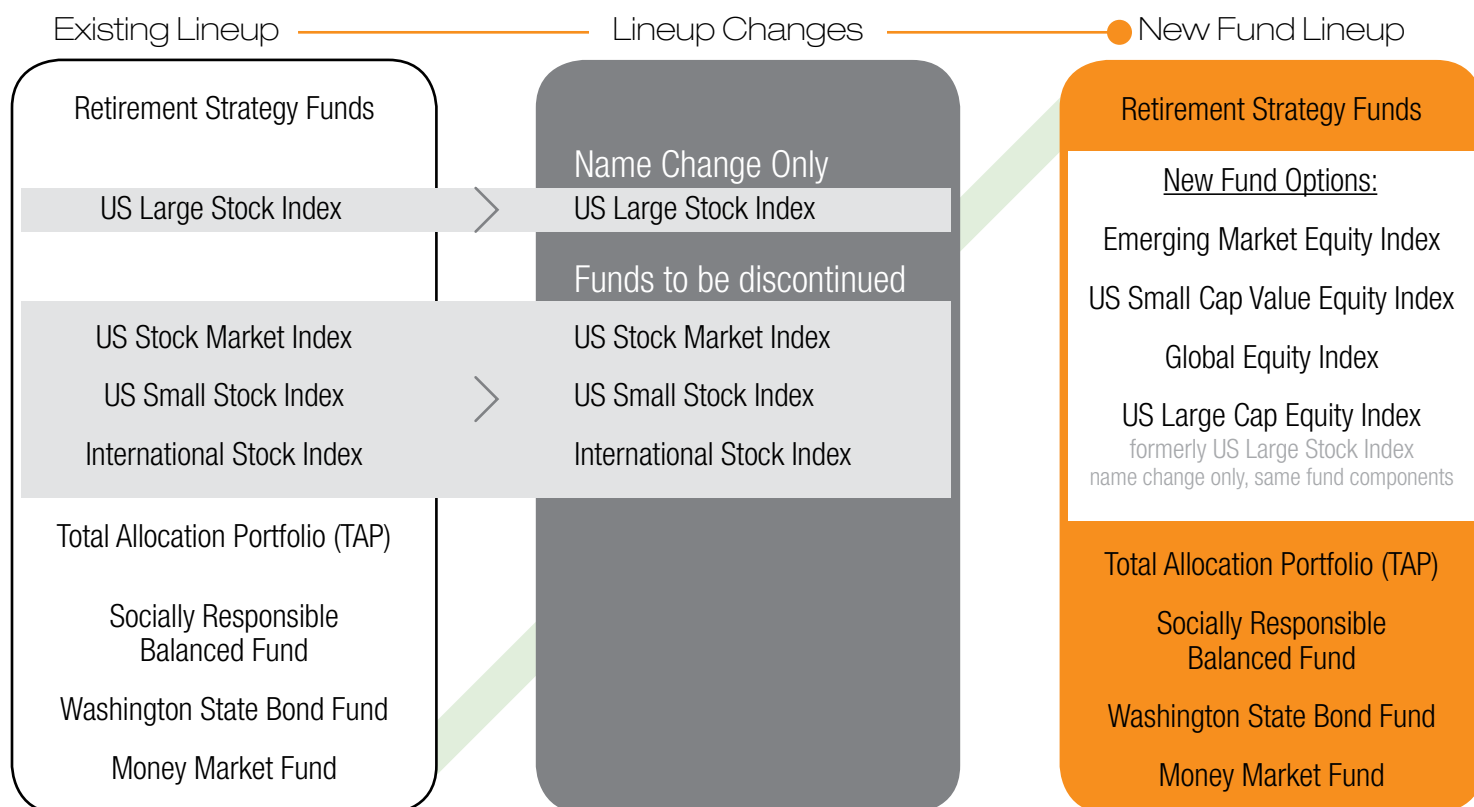
The new menu is fresh and straightforward. Streamlined, yet diverse. With a range of choices – whether you have a high or low appetite for risk or are somewhere in between.

A quick reminder, though – it's important to check with your financial advisor on any questions you might have about investment strategy.

**On the following pages you will find details about what is changing, when the changes will happen, and what you'll need to do.**

# What's changing?

The changes to the fund menu are shown in the chart below.



For more information on the funds in the new lineup, refer to page 5 of this guide and visit the ***Investment Options*** page on the Plan 3 website for fact sheets provided by the fund managers. [www.icmarc.org/plan3](http://www.icmarc.org/plan3)

## What do you need to do?

**If you're invested in a fund that is being discontinued,** you'll need to move your money into an open fund and change where your payroll contributions are directed before 1p.m. PT on October 28. You can make changes now within the existing lineup or when the new funds open on September 24. See the Key Dates chart on the next page.

**If you're invested in a fund that is not changing or is only changing its name,** you won't need to do anything. However, this is a good opportunity to review your current choices, take a look at the new fund lineup, and make any changes that may be appropriate for you.

**Make investment changes online at [www.icmarc.org/plan3](http://www.icmarc.org/plan3) or by calling 888-711-8773.**

# When?


## Key Dates

September 23  
Beginning at 1p.m. PT fund transfers into closing funds will no longer be permitted. Payroll contributions allocated to closing funds will continue until 1p.m. PT October 28.

September 24  
New funds are available for investing. Transactions that are submitted over the weekend will be processed the following Monday.

September 24 - October 28  
During this time you can move investments and future contributions out of closing funds and into funds in the new lineup.

October 28  
Closing funds are liquidated. Remaining balances and future contributions allocated to the closing funds will be moved into a Retirement Strategy Fund, based on your birth year and an assumed retirement at age 65.



***If you're invested in a fund that is closing, you'll need to choose a new fund by 1p.m. PT October 28.***

## What happens if you don't take action?

**After the markets close (1p.m. PT) on October 28, if you haven't yet moved your money and/or future contributions out of a closing fund, they will be transferred into a Retirement Strategy Fund that is based on your birth year and the assumption you will retire at age 65.** The chart on page 6 of this guide shows which Retirement Strategy Fund you will be transferred into. Retirement Strategy Funds (also referred to as target date funds) offer a diversified portfolio that automatically adjusts and rebalances as you move closer to your target retirement date.

Again, if you're not invested in a fund that is closing, you don't need to take any action, but it's always a good idea to periodically review your investment strategies.



## Why the change?

The Washington State Investment Board develops and manages fund options that offer Plan 3 members the opportunity to achieve long-term financial and retirement security. The board includes the director of DRS, the state treasurer, the director of Labor and Industries, retired and active members of the retirement plans, legislators and investment professionals.

After a recent thorough review of the fund lineup, the WSIB recommended it be streamlined and updated, for the following reasons.

### The markets are changing

Emerging markets are increasingly a part of diversified investment portfolios. The previous lineup had no option for investing in emerging markets. The new one does.

The updated menu offers four new equity investment opportunities in funds managed by BlackRock Inc., currently the world's largest asset manager.

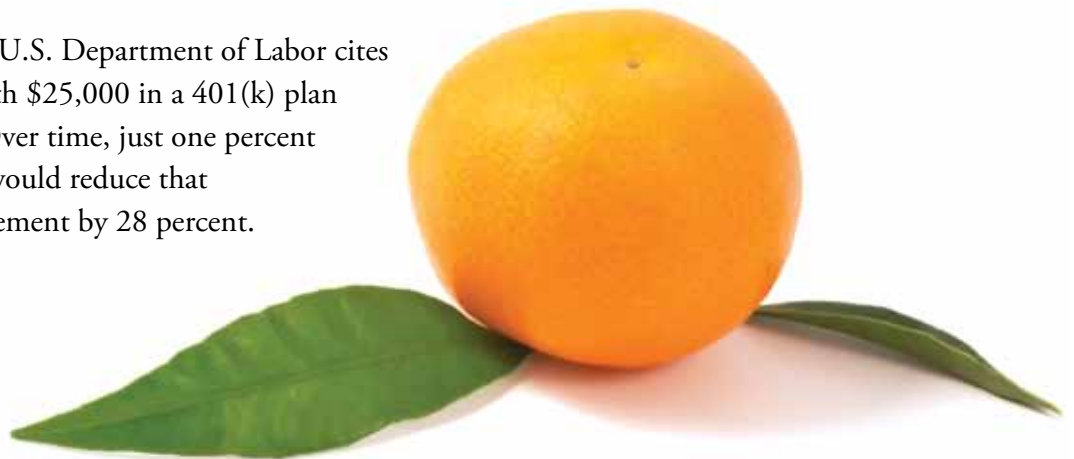
### Build on what works

The new lineup represents the basic building blocks of a solid investment strategy. Not only are the options straightforward and easy to understand, but they also enable you to easily diversify your portfolio. Diversification, which helps you balance investment risk and return over the long term, is one of the biggest factors in being able to reach your savings goals.

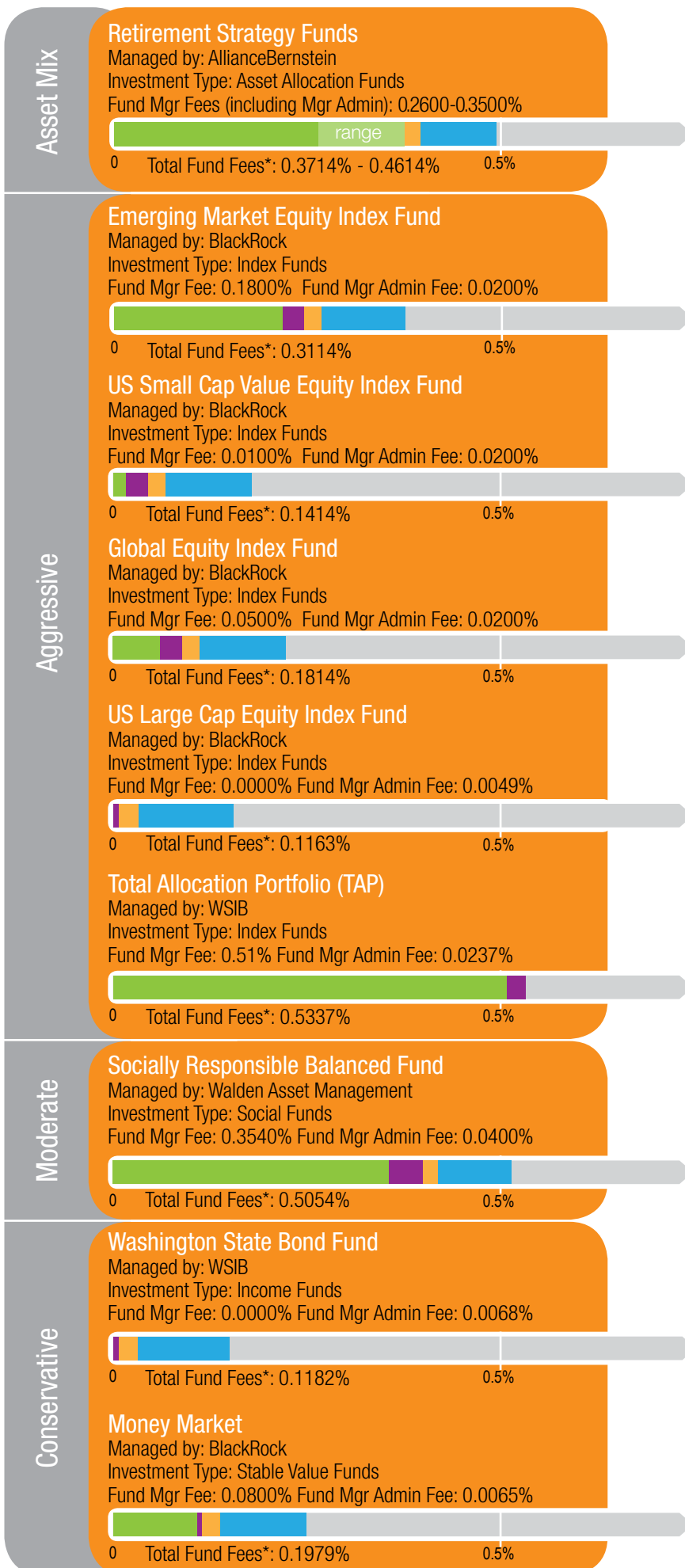
### Low fund management fees

The WSIB worked on your behalf to negotiate low fees for the new options. Low fees mean more of your money is invested for the long-term.

How much do fees matter? The U.S. Department of Labor cites the example of an individual with \$25,000 in a 401(k) plan and 35 years until retirement. Over time, just one percent difference in fees and expenses would reduce that person's account balance at retirement by 28 percent. Low fees make a difference.



# Your new Plan 3 fund lineup



\*Investment funds have fees for services such as management and oversight, record keeping and customer service. Funds offered through the WSIB typically carry lower fees than the industry average.

The chart to the left approximates the fees for each fund as of July 1, 2011. Some are fixed, others have a ceiling. For specifics, please see the fund's fact sheet – available at [www.icmarc.org/plan3](http://www.icmarc.org/plan3).

Here is what each color on the chart represents:

- Fund Manager Fee - varies, see chart
- Fund Manager Administrative Fee - varies, see chart
- WSIB Administrative Fee - 0.0179%
- Record Keeper Fee - 0.0935%

## Which fund would you be moved into?

Again, if you are invested in a fund that is being discontinued and you have not chosen a new fund option by 1p.m. PT on October 28, your investments and future contributions will move into a Retirement Strategy Fund based on your birth year and an assumed retirement at age 65. Refer to the chart below.

Retirement Strategy Funds (also referred to as target date funds) are the designated option for those who do not make a choice. These funds offer a diversified portfolio that automatically adjusts and rebalances as you move closer to your target retirement date.

If you were born...	You would be moved into:
In 1988 or after	2055 Retirement Strategy
Between 1983 and 1987	2050 Retirement Strategy
Between 1978 and 1982	2045 Retirement Strategy
Between 1973 and 1977	2040 Retirement Strategy
Between 1968 and 1972	2035 Retirement Strategy
Between 1963 and 1967	2030 Retirement Strategy
Between 1958 and 1962	2025 Retirement Strategy
Between 1953 and 1957	2020 Retirement Strategy
Between 1948 and 1952	2015 Retirement Strategy
Between 1943 and 1947	2010 Retirement Strategy
Between 1938 and 1942	2005 Retirement Strategy
In 1937 or before	2000 Retirement Strategy

## Questions?

If you have questions that aren't answered here, please call **888-711-8773**. We'll be glad to help.

You'll also want to check out the fund transition information on our website at: **[www.drs.wa.gov](http://www.drs.wa.gov)**. Just look for the fund transition article on our home page, under *News and Announcements*.





# Checklist

Between now and October 28, 2011:

☐

**Review my current investment strategy.**

Is it on track with my goals?

Would I like to make any changes?

Am I interested in finding out more about the new fund options?

☐

**Determine whether I am currently invested in any funds that are being discontinued.**

*If I am invested in a discontinued fund...*

Between September 24, 2011 and 1p.m. PT on October 28, 2011:

☐

**Transfer my balance(s) from a discontinued fund into a fund(s) that will remain in the lineup.**

☐

**Direct my future contributions into a fund(s) that will remain in the lineup.**

You can see your current investments, review fact sheets on the new options, and make changes online at [www.icmarc.org/plan3](http://www.icmarc.org/plan3) or by calling 888-711-8773.


## Notes



*Be sure to  
consult with your  
financial advisor  
if you have  
questions about  
your investment  
strategy.*





**Questions?**  
888-711-8773  
[www.icmarc.org/plan3](http://www.icmarc.org/plan3)

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